

SAS Group

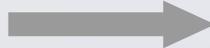
Financialhearings Third Quarter 2002, 13 November

3rd Quarter 2002 – according to set out plan, yields and revenues under pressure

- 1st Quarter – weak - according to plan
- 2nd Quarter – according to plan – passenger load factors and yields better than expected
- 3rd Quarter – according to plan – yields & revenues under pressure
- Pressure on revenues expected for 4th Quarter
 - Expected economic recovery delayed
 - Restructuring charge of MSEK 600

Record cabin factors but pressure on yields in Scandinavian Airlines

- ▶ Total traffic increased by 32,2% vs. Q3 2001
 - Group passenger load factors at record levels

	Scandinavian Airlines	+ 4,0 p.u.		72,2%
	Braathens	+ 9,0 p.u.		63,6%
	Spanair	+ 3,6 p.u.		68,5%

- ▶ Yields mixed

	Scandinavian Airlines	-2%
	Spanair	+26%
	Braathens	+/- 0%

Important events of note 3rd Quarter



Amsterdam
Brussel
Paris

London
fr 895:-
1595,-

- Rezidor SAS investing in multi-brand concept
 - Regent Inn, Country Inn, Park Inn
- Scandinavian Airlines launches additional low price internet booking alternatives to most European cities



- SAS Flight Support to acquire ASG –name change to European Aeronautical Group
- Scandinavian Airlines structural improvement measures

- Verification process completed
- Increased target to MSEK 6 400 (4 000)
- Restructuring charge of MSEK 600 Q4



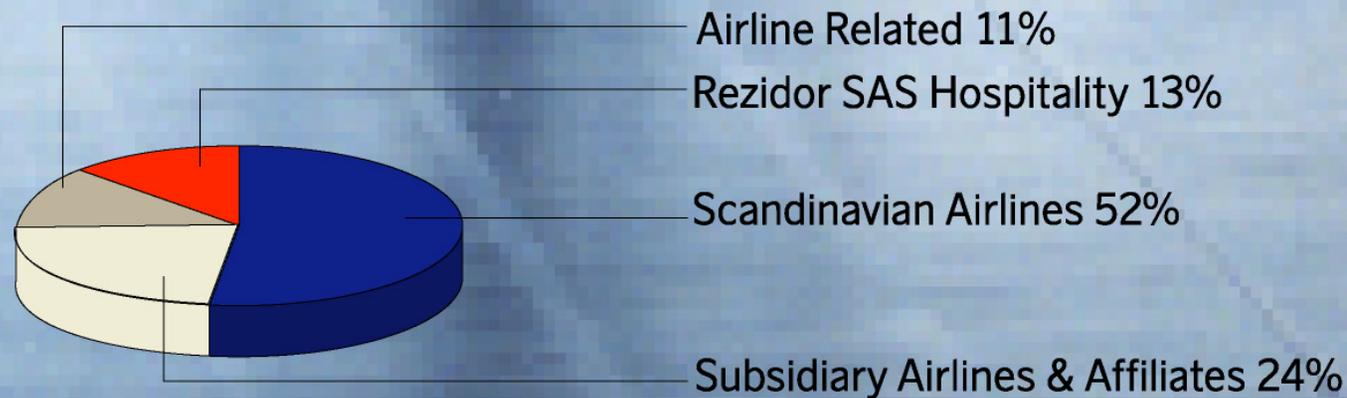
SAS Group

SAS Group revenue distribution has changed due to new business structure and acquisitions

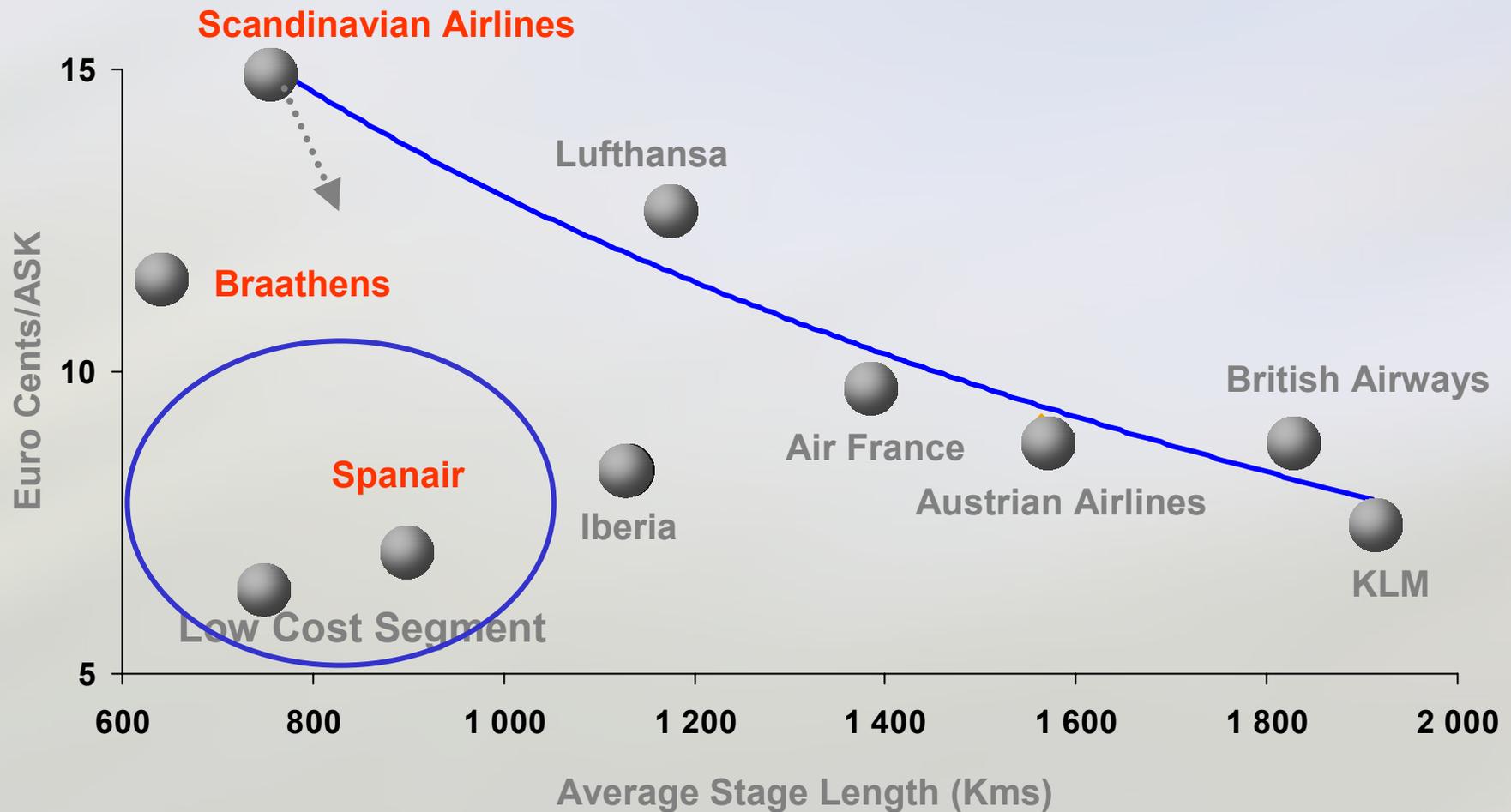
1994 Revenues MSEK 37 000



2002 Revenues MSEK 70 000 (\$7 500 million)



Target to reduce unit costs in Scandinavian Airlines by 20% by 2004



Group improvement measures

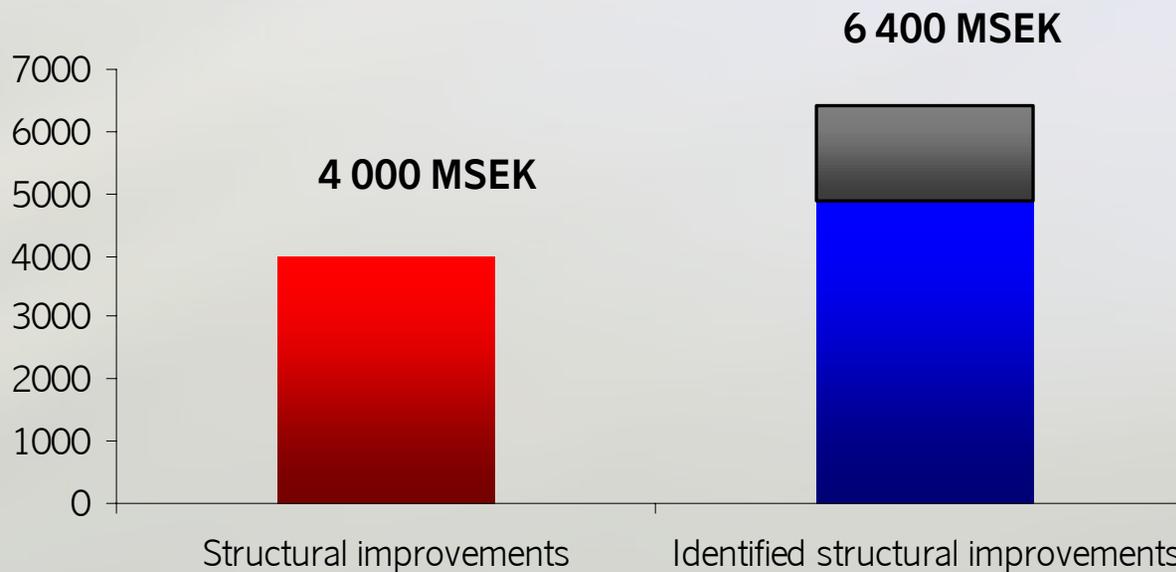
The SAS Group' improvement measures - target increased to SEK 12,8 billion

Short term measures = MSEK app. 6 400 (2002/03)

Structural measures = MSEK app. 6 400 (2004/05)

- Target when fully implemented 2004/05
 - Reduce unit costs by 20% in Scandinavian Airlines
 - Significantly improved cabin factors
 - Enable Scandinavian Airlines to manage lower prices

Structural improvement measures increased from 4 000 MSEK to 6 400 MSEK



Spring 2002 identified structural measures

November 2002 Increased and identified structural measures

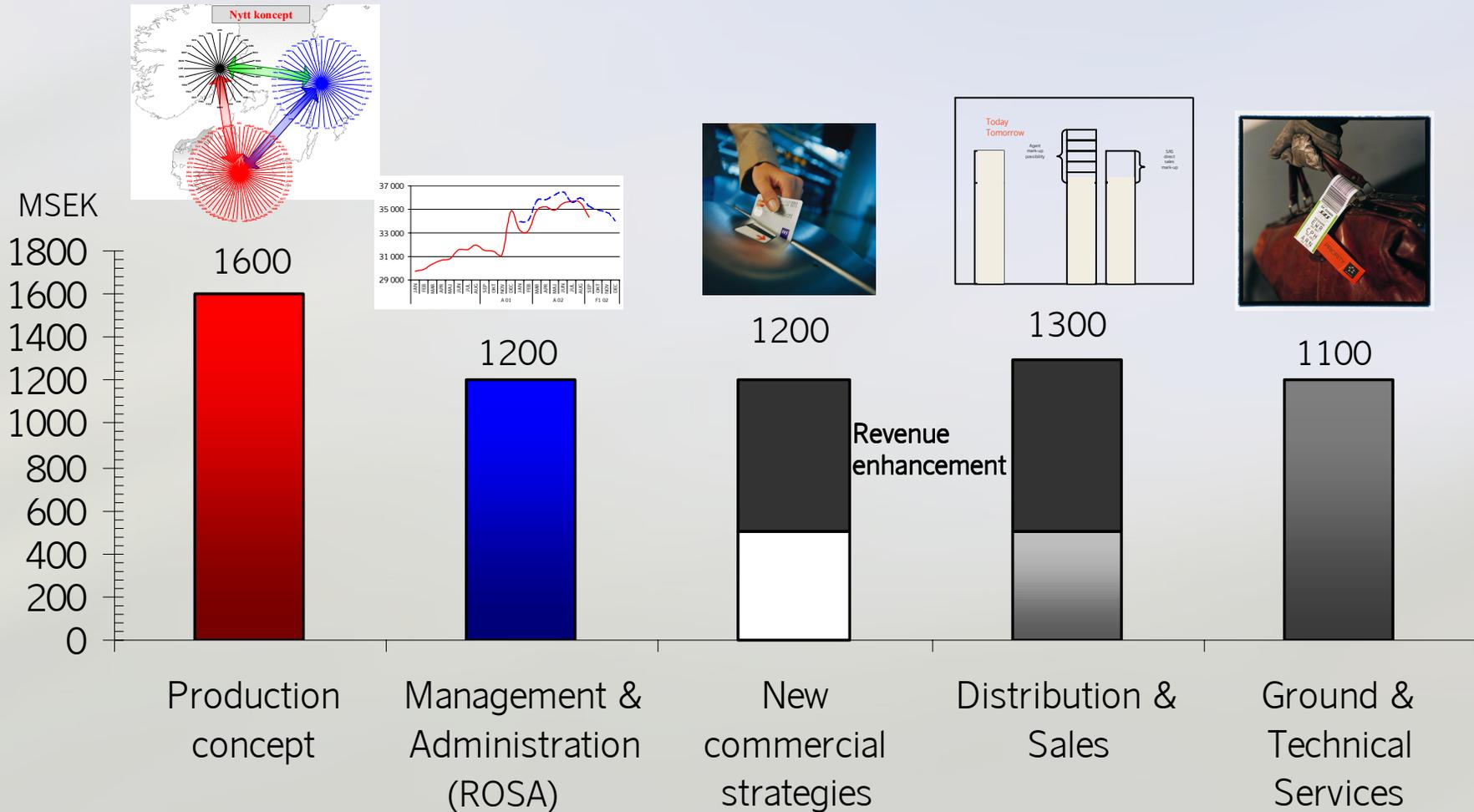
Distribution of effects (net):

2003: 3 000 MSEK
 2004: 5 500 MSEK
 2005: 6 400 MSEK

Of which is revenue effect:

2003: 600 MSEK
 2004: 1 300 MSEK
 2005: 1 600 MSEK

Structural measures 5 areas of focus





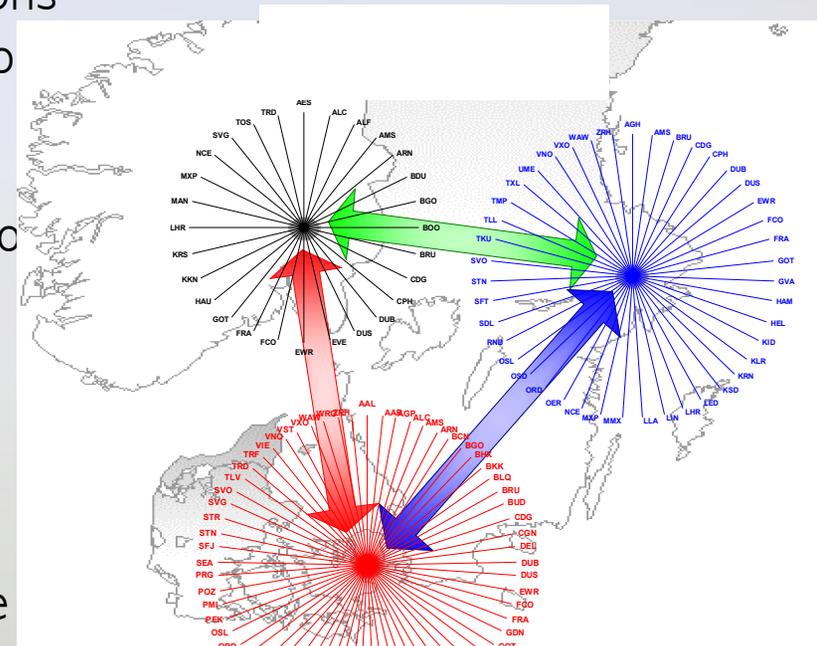
Changes in production concept

MSEK 1 600 in savings

New production philosophy =

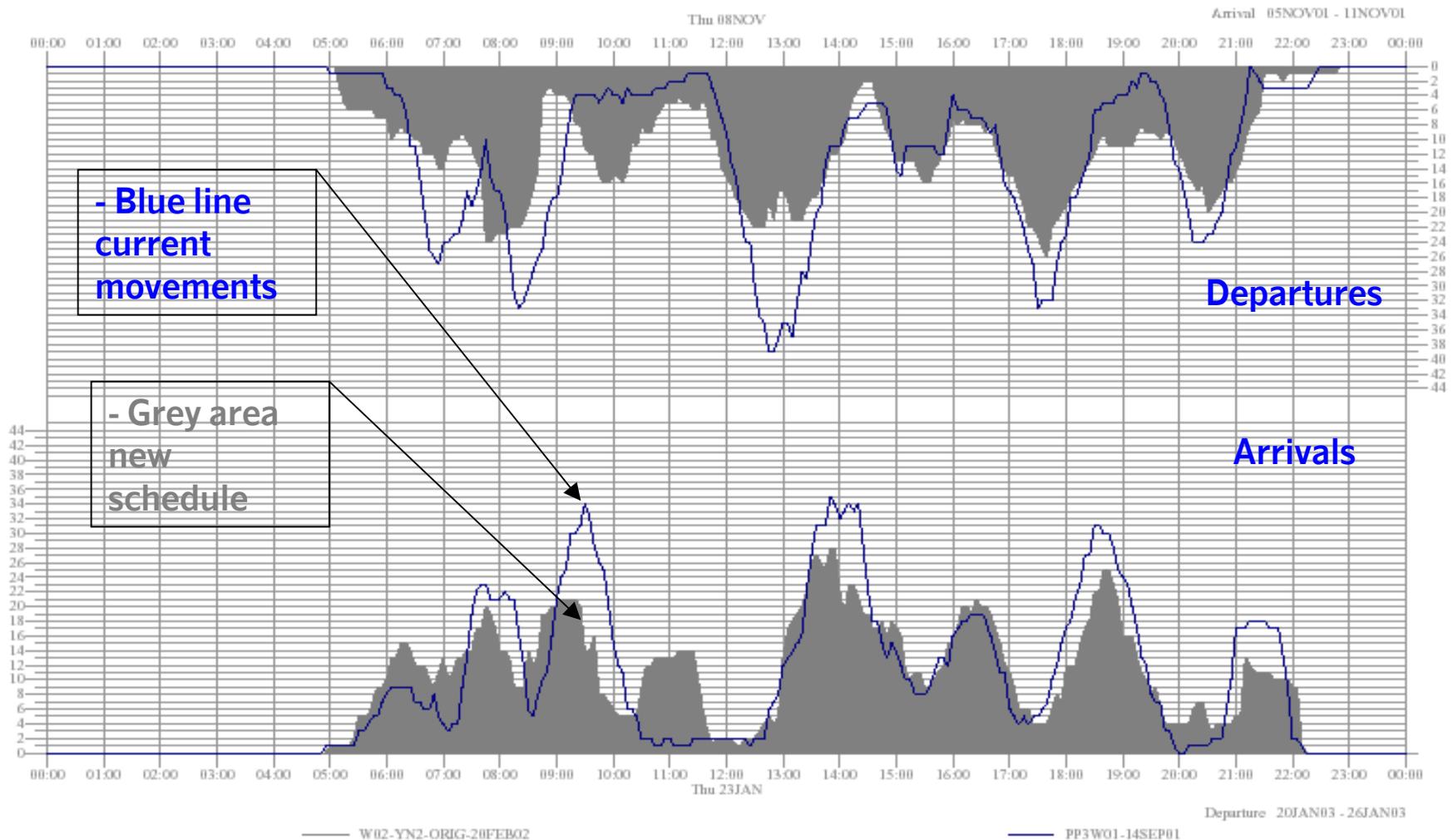
Restructuring and improving aircraft rotations

- ▶ Point to point rotation up from 40% to 95%
- ▶ Improved aircraft utilization rates
 - ABH/ Block hour up from 7,5 to 9 hrs.
 - Legs/ a/c up
- ▶ Improved capacity utilization
 - +5 p.u. on average
- ▶ Aircraft turn around by 5-10 min
- ▶ Utilize peak/ off peak for maintenance
- ▶ Aircraft/ crew overnights reduced to minimum
- ▶ Pilot hours up from less than 500 hrs to 600hrs per annum

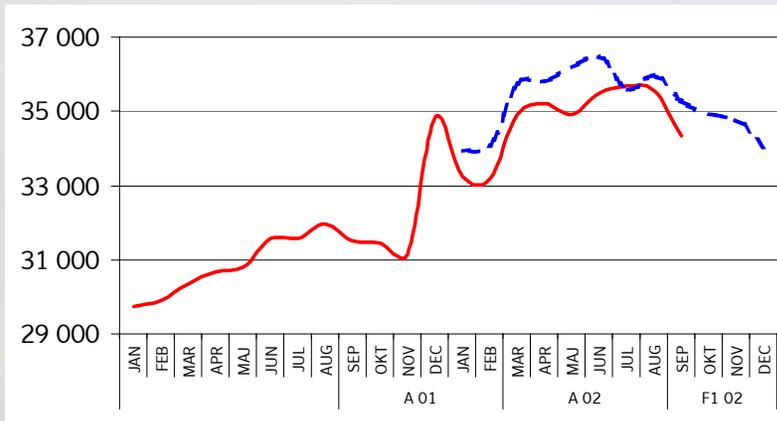


Reduced peaks in Copenhagen hub will affect productivity positively

Total savings in Ground Services by MSEK 600



Reduction Overhead Support & Administration –MSEK 1 200 in savings effect as from 2003



- ▶ Personnel reductions well according to plan
- ▶ Reduction of 900 full time employees by end 2005

- ▶ **Achieved: 32%** reduction in administrative costs and personnel in group functions, business units and Scandinavian Airlines
 - ▶ Reduced ambition levels
 - ▶ Productivity improvements

Scandinavian Airlines





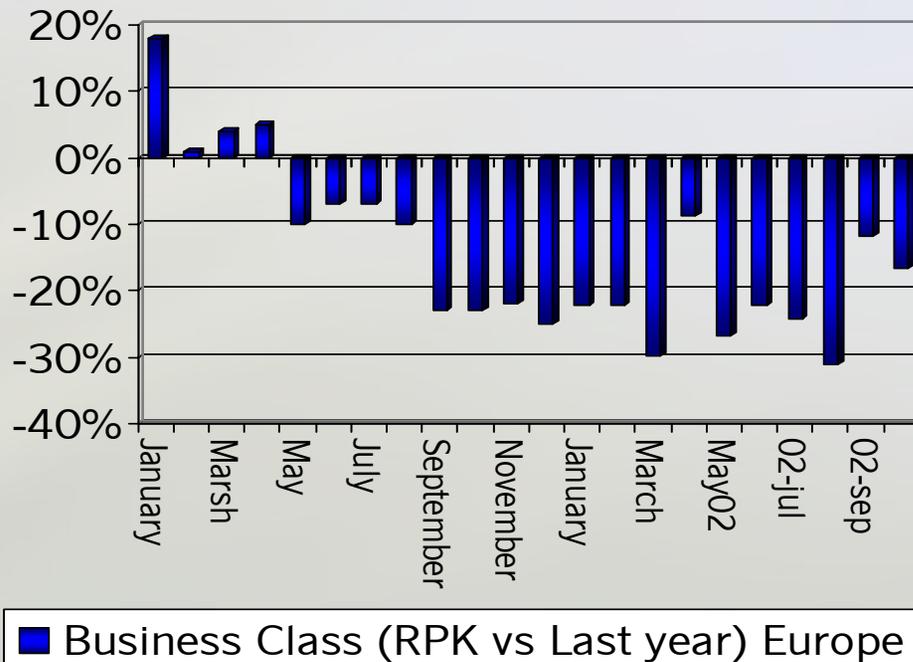
Turnaround in Scandinavian Airlines underway, but challenges lay ahead

	July-September		January – September	
	2002	2001	2002	2001
Passenger revenues	8 052	8 383	25 399	25 801
EBITDAR	+758	+480	2 652	2 230
Net financials	-316	43	-613	47
EBT	192	-294	-377	-350
EBT bef gains	-431	-501	-749	-552

European routes

Continued fall in Business Class – the challenge of Scandinavian Airlines

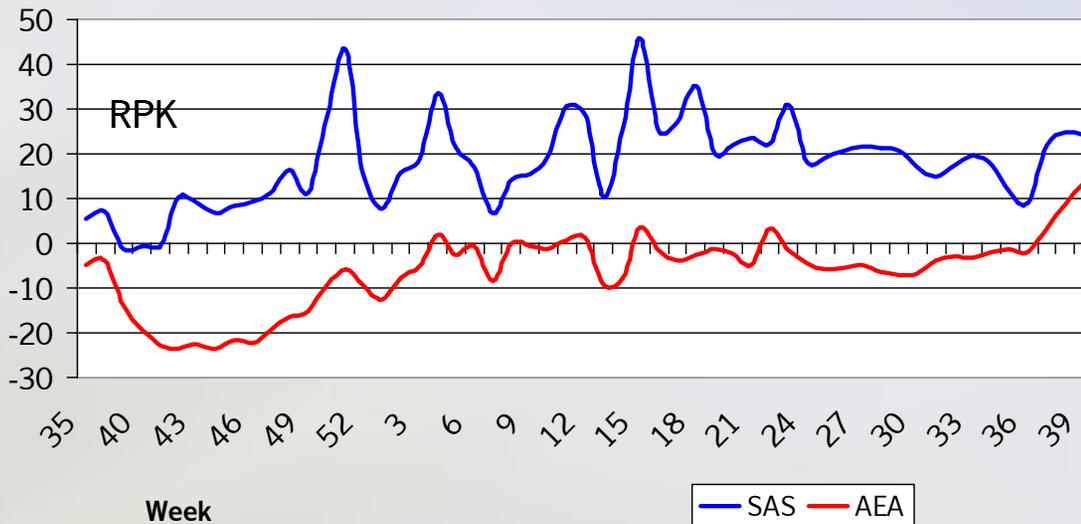
SAS Airline



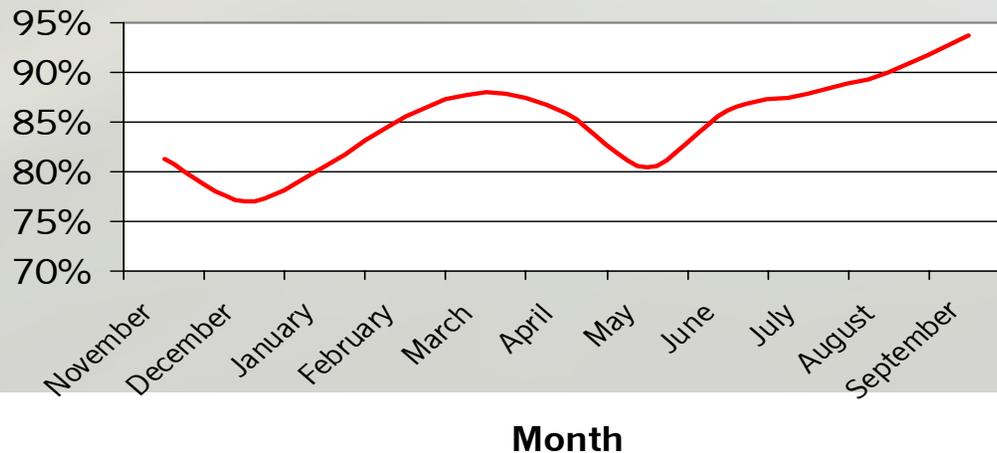
- ▶ Still negative mix compared with very weak October 01
- ▶ Slowdown accelerated after September 11
- ▶ Total traffic Q3 -6,7%



Strong performance on Asian routes



Cabin factor (%) Asia



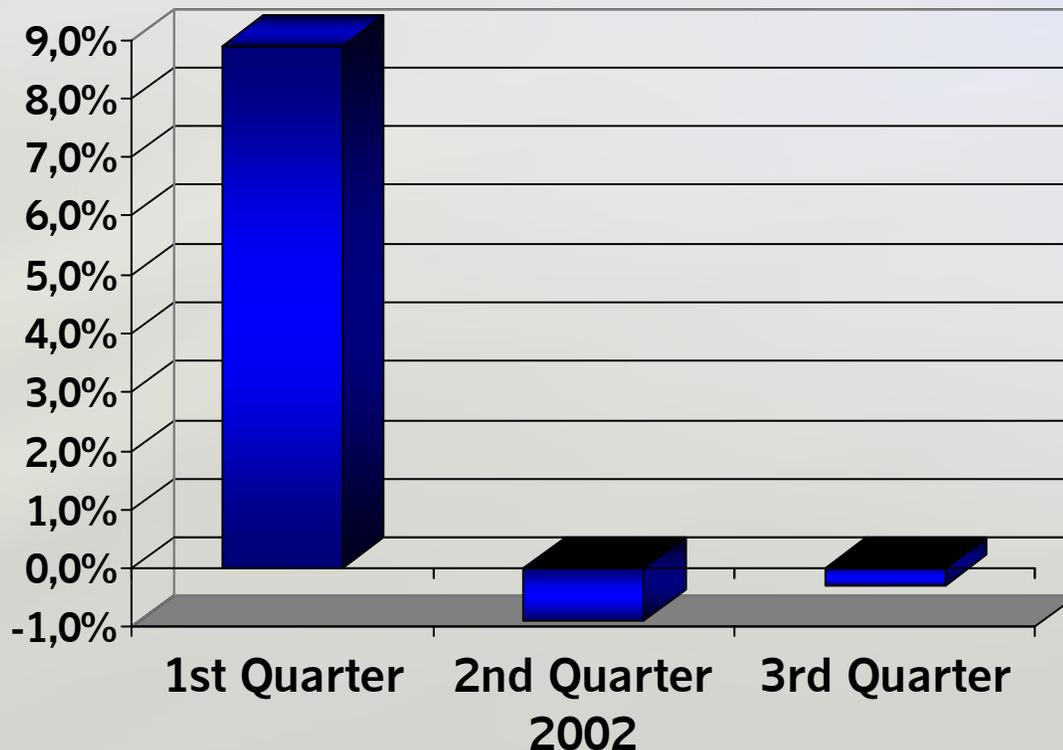
Source: AEA, SAS

- ▶ Scandinavian Airlines ranked high in customer surveys
- ▶ New capacity incremental growth in RPK
 - ▶ Stable cabin factors
- ▶ Week 01-week 39:
 - AEA traffic down 3,1%
 - SAS traffic up 20,6%



Unit Cost continued down in 3rd Quarter

Index last year
(currency adjusted)



- ▶ In spite of capacity reductions
- ▶ Unit Cost down 0,3% 3rd Quarter 2002
- ▶ Unit Cost up 2,3% Jan-Sep 2002

3rd Quarter statements

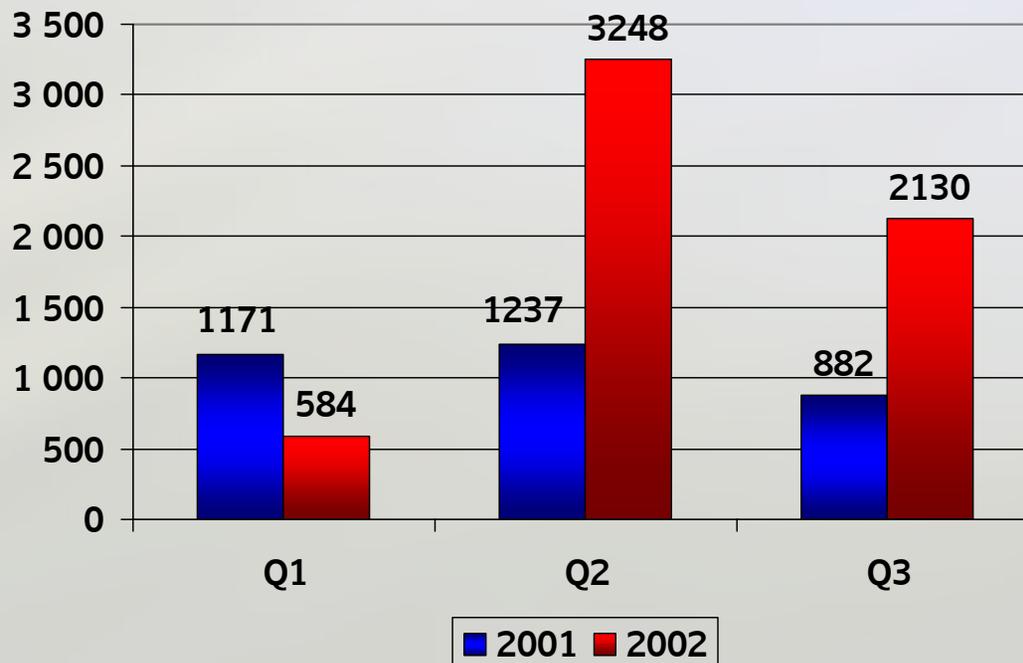
Significant uplift in 2nd and 3rd Quarter compared with 1st Quarter 2002

Summary of income statement (MSEK)	Actual Q1	Actual Q2	Actual Q3	Jan-Sep 02
Operating revenues	13 775	17 868	16 592	48 235
Operating costs	-13 191	-14 620	-14 462	-42 273
EBITDAR	584	3 248	2 130	5 962
EBITDAR-marginal	4,2%	18,2%	12,8%	12,4%
Operating lease cost external	-878	-1 050	-932	-2 860
EBITDA	-294	2 198	1 198	3 102
Contr from affiliated	-328	-12	3	-337
Depreciation	-651	-715	-781	-2 147
Gain on sales	-133	-141	625	351
EBIT	-1 406	1 354	1 041	989
Net financial items	-40	-291	-405	-736
EBT	-1 446	1 039	640	233
EBT bef gains	-1 313	1 180	15	-118

SAS Group 2001/2002 EBITDAR

– operating performance improved

EBITDAR MSEK million



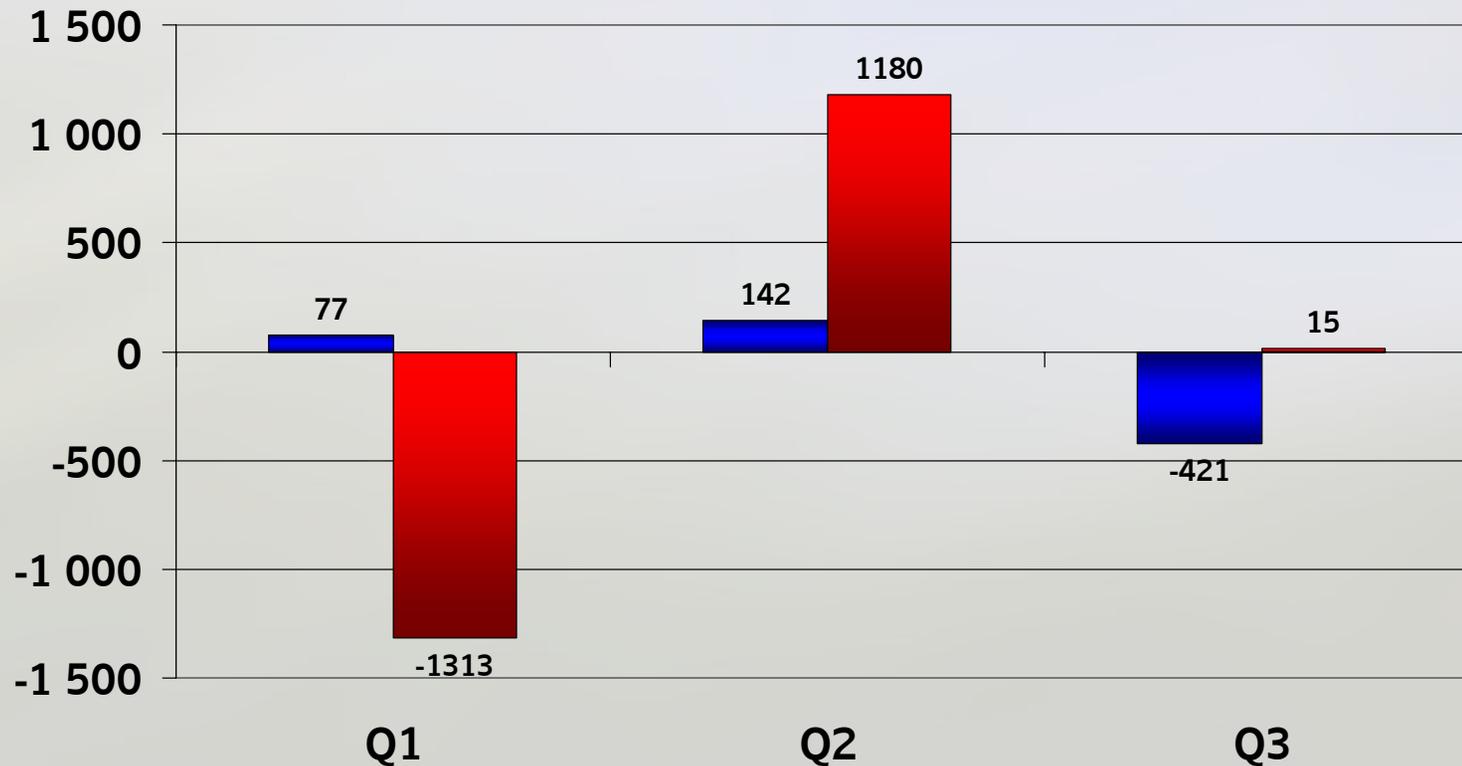
- ▶ EBITDAR significantly stronger 3rd Quarter 2002 compared with 2001

EBITDAR 3rd quarter:

- Positively affected by Braathens of 428 MSEK
- Spanair of 541 MSEK
- Widerøe 95 MSEK
- Air Botnia 58 MSEK

SAS Group 2002 – EBT

EBT bef gains
MSEK million



■ 2001 ■ 2002

Status Group short term Result Improvement measures 2002/2003

Total group short term measures (Gross 2003 full year effect) MSEK 6 400

Whereas
 Subsidiaries & affiliates MSEK 1 300
 Scandinavian Airlines MSEK 5 100

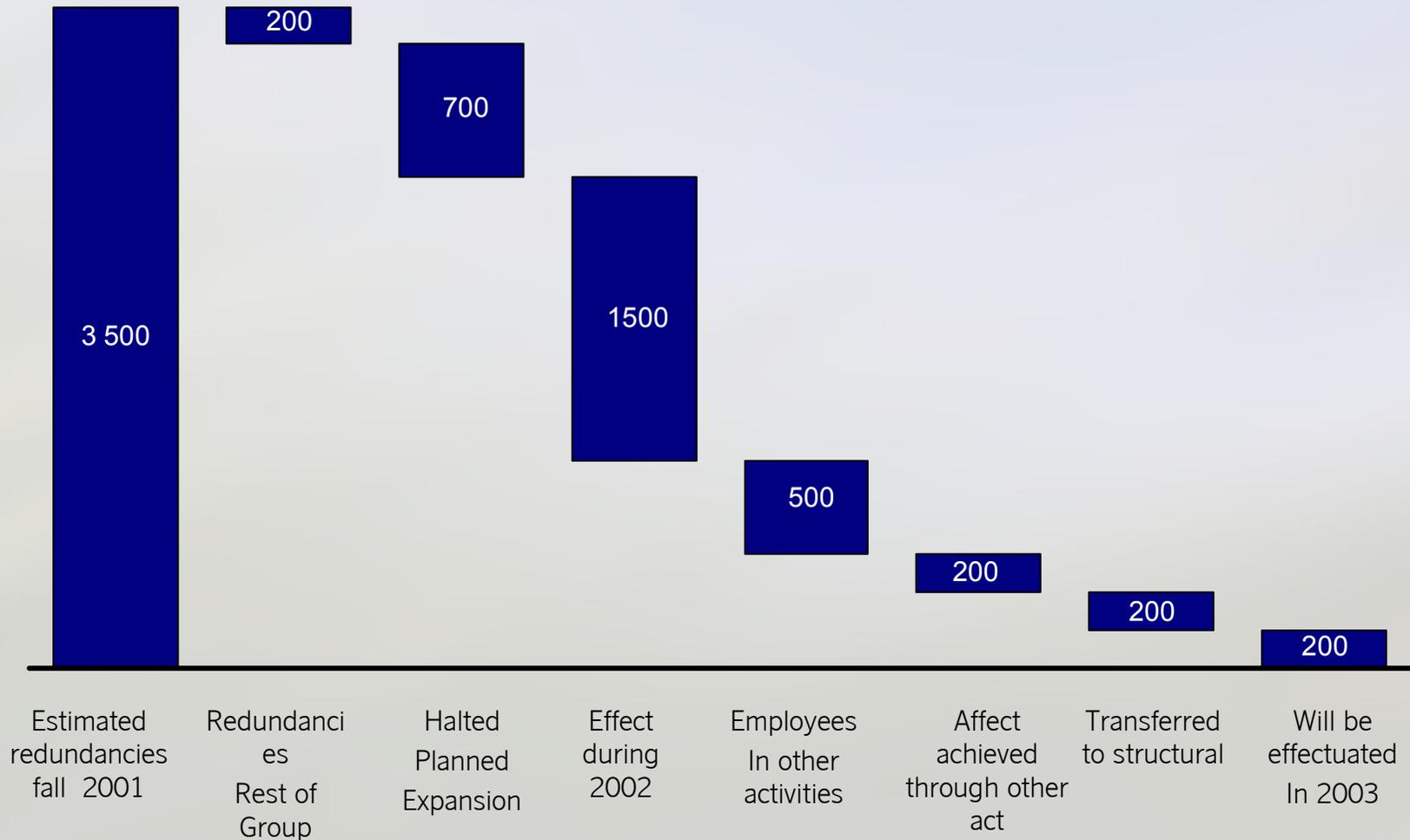
Network reductions	MSEK 500
Revenue enhancements ¹⁾	MSEK 2 200
Cost reductions	MSEK 2 400

Result effects	2003	MSEK 2400
	2002	MSEK 1700

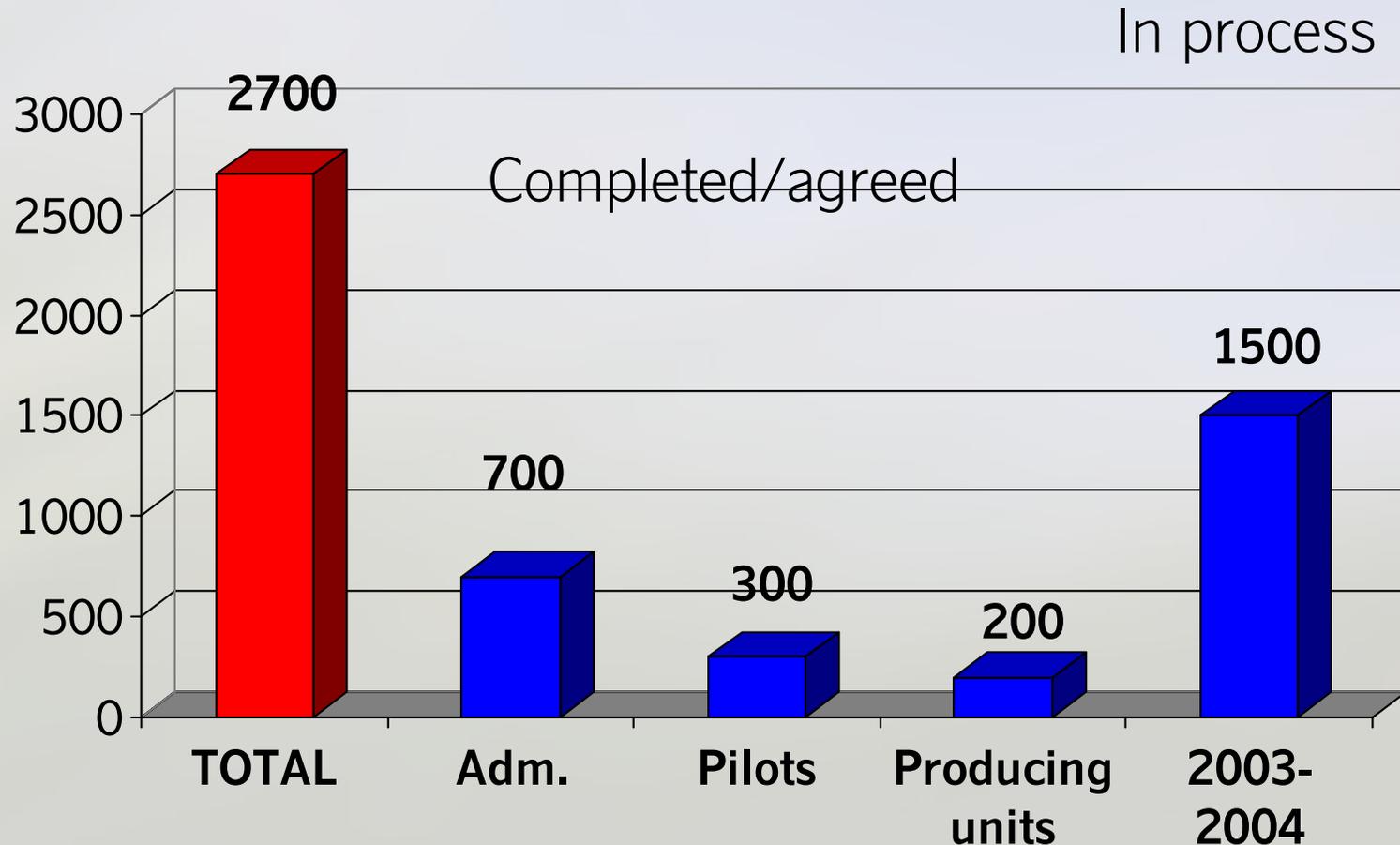
Distribution:
 1st Quarter 200-300
 2nd Quarter 300-400
 3rd Quarter 400-500
 4th Quarter 600-700

¹⁾ Price increase of 5% nominal and introduction of surcharge of 4 USD/ pax/leg
 Offset by increased insurance cost, security costs and negative mix

Short term measures redundancies 3500



Structural measures redundancies



Balance Sheet

MSEK

30SEP02

30SEP01

Liquid funds	10 482	7 761
Other interest-bearing assets	7 279	7 896
Aircraft	26 429	17 391
Other assets	24 621	24 084
Total assets	68 811	57 132
Operating liabilities	19 779	14 826
Interest-bearing liabilities	29 027	20 287
Subordinated debenture loan	902	956
Deferred tax	3 746	4 040
Minority interests	-57	275
Equity	15 414	16 748
Total liabilities and equity	68 811	57 132
Net debt	12 168	5 586

Clear targets to reduce indebtedness 2004

Current situation:

- ▶ Key figures Q3/02 vs Q3/01
 - Solidity: 22% (30%)
 - Net debt/ equity 0,79 (0,33)
 - Adj net debt to equity 1,47 (0,65)

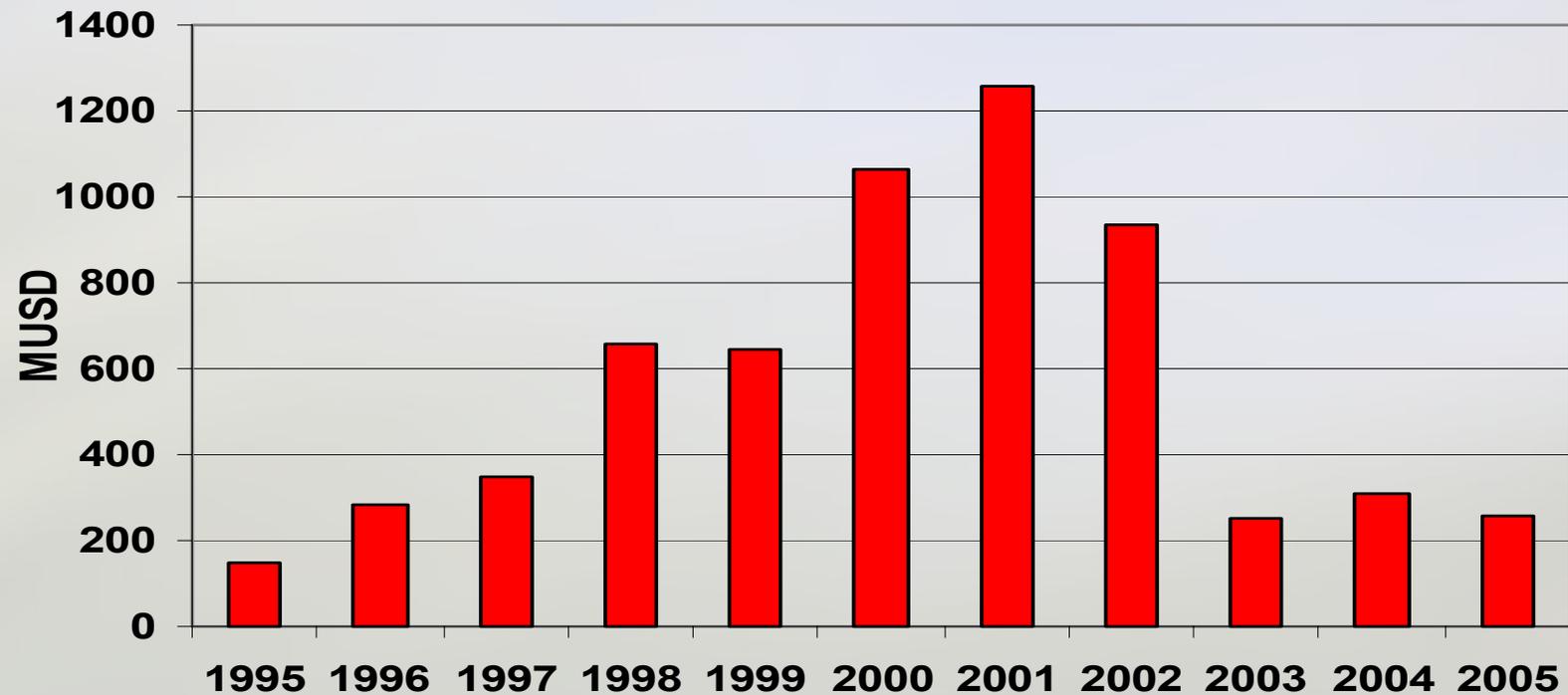
Target:

- ▶ Net debt to peak in 2002
- ▶ Targets 2004
 - Solidity >30%
 - Net debt/ equity <50%
 - Adj net debt/ equity <150%

Aircraft Investment Programme almost fully Completed



SAS Group CAPEX 1995-2005



Business area

Earnings before taxes – EBT

Bef cap. gains

January - September

2002 2001

Scandinavian Airlines	-749	-552
Subsidiary & aff. Airlines	+374	+86
Airline Related Businesses	+77	+183
Rezidor SAS Hospitality	+98	+81
Group eliminations	+82	0
EBT bef. gains	-118	-202

Subsidiary &
Affiliated Airlines



Subsidiary & Affiliated Airlines





Significant better earnings in Subsidiary & Affiliated Airlines Jan-Sep 2002 vs 2001

Jan-Sep in MSEK			 Member of the SAS Group	
Revenues	4 669* -3,3%	5 515 5,9%	1901 20,8%	781 14,5%
EBITDAR	853* 59%	1 298 180%	329 17%	202 231%
EBT	24* n.m	634 n.m	66 25%	77 n.m

* = Spanair accumulated figures for the period March-September



Spanair's unit cost well in line with european low cost carriers

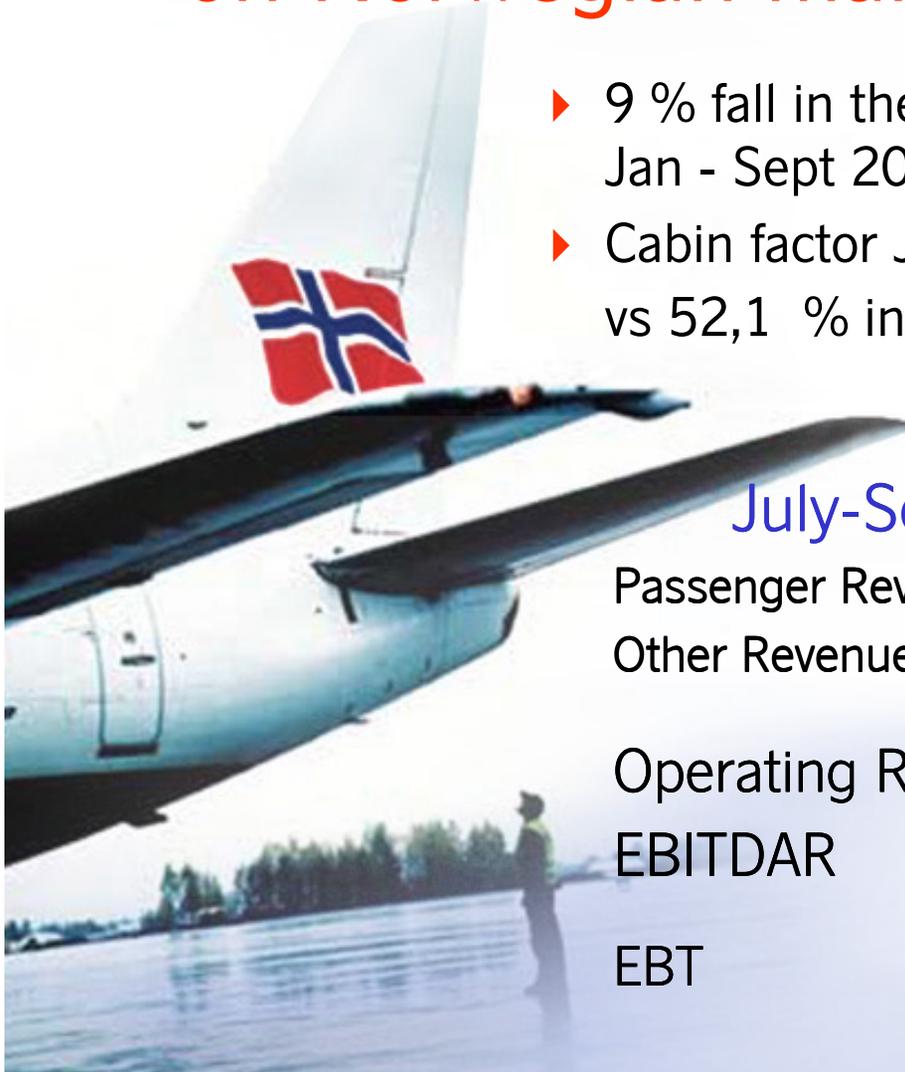
- ▶ Long-haul operations closed in March 2002
- ▶ Improved mix
 - ▶ Shift from low yield to high yield markets
- ▶ Key Operating data:
 - Total Aircraft utiliz 9,2 hrs/ day
 - Cabin Crew 900 hrs/year
- ▶ Cost reductions
- ▶ Capacity reductions
- ▶ Unit cost in line with low costs carriers
- ▶ Positive operating profit for 2002 (including capital gains)

Braathens – continues to perform well on Norwegian market

- ▶ 9 % fall in the total domestic market compared with Jan - Sept 2001
- ▶ Cabin factor Jan – Sept on scheduled was 58,6 % vs 52,1 % in same period 2001

July-September

	2002	2001
Passenger Revenue	1 522	1 413
Other Revenues	421	374
Operating Revenues	1 943	1 787
EBITDAR	+428	+164
EBT	+190	-69

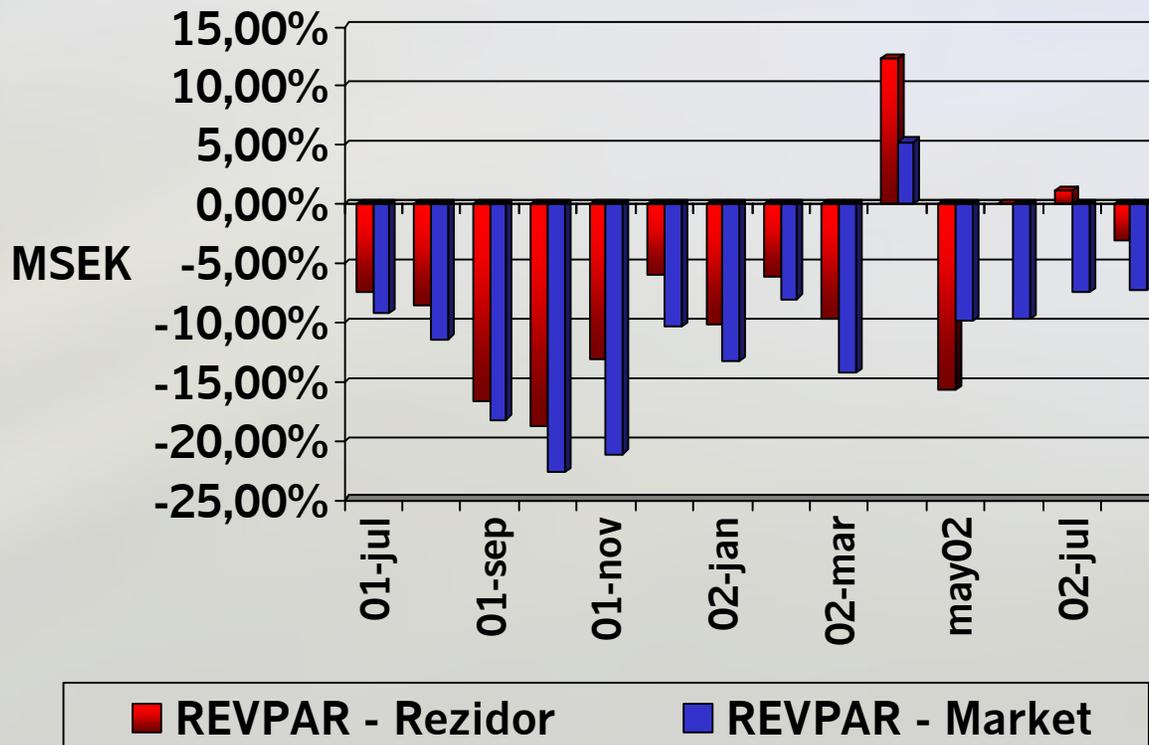


Rezidor SAS Hospitality





REZIDOR SAS Hospitality – REVPAR under pressure but better than industry



Pretax profit:

Jan-Sep 2002
103 MSEK

Jan-Sep 2001
81 MSEK

New step: Rezidor SAS to invest in new multi-brand concept

- ▶ Capitalize on current brand
- ▶ Platform for further growth – more brands more choices
- ▶ Streamlining of products with distinct profile
- ▶ Capitalize on knowledge and experience
- ▶ Economies of scale
- ▶ Reduced cyclically and business risks

Three new brands acquired for MSEK 60

▶ Regent

- Established in 1970, 5-star deluxe, 10 hotels in North America, Asia & Europe
(1 in Berlin, Germany & 1 in Almaty, Kazakhstan)



▶ Country Inns

- Established in 1987, Mid-market, 300 hotels in North America & Asia, 12 hotels in Europe



▶ Park Inn

- Included in Carlson Hotels in 2000, 3-star, limited service business hotel, 60 hotels in North America & Asia

Outlook 2002

Sum up – 3rd Quarter 2002

- ▶ Balance between supply and demand
- ▶ Yields and revenues under pressure
- ▶ Scandinavian Airline has forceful measures in process
 - Short term 2002/2003
 - Structural 2003/2004/2005

- ▶ Braathens significant positive result
- ▶ Spanair positive operating result
- ▶ Pressure on yield expected 4th Quarter

The Board of Directors

Assessment for full year 2002:

- ▶ Yield lower than expected
- ▶ Result improvement measures take effect according to plan
- ▶ Forecast from August 8 downgraded
 - SAS Pre-tax profit before gains and restructuring charge negative
 - Gains on sale approximately 250 MSEK
 - Restructuring charge of approximately MSEK 600

The SAS Group turnaround challenge

Pre tax profit +5.0-6.0 SEK billion year 2004/05



Pre tax profit -1.8 SEK billion year 2001

+2.5-3.0 SEK billion year 2004/05
(SAS Airline, old definition)

+2.5-3.0 SEK billion year 2004/05

Turnaround

Turnaround cases
Generic growth

-2.1 SEK billion year 2001

+0,3 SEK billion year 2001

Scandinavian Airlines

Corporate Functions & Shared Services

Subsidiary & Affiliated Airlines

Airline Support Businesses

Airline Related Businesses

Hotels

SAS Group Investor Relations on the Internet

www.scandinavian.net

Investor Relations

Investor.relations@sas.se



The screenshot shows the SAS Group Investor Relations website. At the top, there is a navigation bar with links for 'Plan & book', 'Offers & news', 'Corporate travel', 'EuroBonus', 'Travel info', 'About SAS', and 'Help & contact'. The 'About SAS' link is highlighted. Below the navigation bar, the page is divided into several sections:

- Investor relations**: A sidebar menu with links to 'Investor central', 'Stock market news', 'Traffic & capacity', 'Financial calendar', 'Share development', 'Market cap', 'Share data', 'Buy & sell', 'Dividend policy', 'Shareholder policy', 'Shareholders', 'The analysts', 'Annual meetings', 'Articles of Ass.', 'Key figures', 'Lender services', 'Related web sites', 'Contact us', and 'FAQ'.
- Investor Relations**: A main section with a heading and a paragraph stating: 'The SAS Group Investor Relations' main goal is to provide investors and capital market players with good, timely and relevant information to enable them to understand the business and the ways in which share value can be enhanced.'
- Share price**: A table showing the share price for SAS AB (CPH), SAS AB (OSL), and SAS AB (STO) as of 2002-07-26 10:26:39.
- Stock market news**: A section with a heading and a paragraph stating: 'All stock market news are always published on this page.'
- Teleconference**: A section with a heading and a paragraph stating: 'Listen to the teleconference for analysts on May 15.'
- Annual Reports**: A section with a heading and a link to 'Click here to download'.
- Interim Report**: A section with a heading and a list of links to SAS interim reports for 1Q 2002, 4Q 2001, 3Q 2001, and 2Q 2001.
- Financial Diary**: A table listing events, dates, and times (CET).
- Slide presentations**: A section with a heading and a paragraph stating: 'Latest financial presentations are continuously updated on internet by SAS Group Investor Relations.'